

Senate Bars Loan to Fiat By Ex-Im

**\$50 Million to Equip
Soviet Plant Blocked
As Bank Bill Passes**

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The Senate voted yesterday to flatly prohibit a proposed \$50 million loan by the Export-Import Bank to the Fiat company of Italy for purchase of machine tools to equip a billion-dollar Fiat plant in the Soviet Union.

The amendment was offered by Sen. Karl Mundt (R-S.D.) and the Senate approved it by a simple voice vote before shouting final approval of the Administration's worked-out Export-Import Bank extension bill.

The legislation increases the lending authority of the Bank from \$9 billion to \$13.5 billion and extends the life of the agency for five years, through June 30, 1973.

Goes to House

The bill now goes to the House, where it faces another sharp fight over the so-called "Fiat deal" and probably another hassle over use of the bank's credit to finance arms purchases by underdeveloped countries.

Opposition to the Fiat machine tool financing within the House Banking Committee led House leaders to wait for the Senate to act first. The House Banking unit had approved the auto plant machine tool financing but by a margin of only three votes.

To almost everyone's surprise, Mundt's specific ban on the proposal was quietly accepted by Senate leaders and approved by the Senate viva voce.

Sen. Edmund S. Muskie (D-Maine), floor manager of the bill, noted that the Senate on Thursday had adopted a far broader amendment by Sen. Harry F. Byrd (D-Va.) ruling out loans to governments which supply goods to North Vietnam. Muskie said the Byrd amendment was vague, but that it was plainly the "intent" of the Senate in voting for the amendment to block the Fiat deal as well.

Amendment Wording

The Mundt amendment pinned down the prohibition this way:

"The Bank shall not guarantee, insure, or extend credit, or participate in an extension of credit in connection with the purchase of any product for the construction of a facility for manufacturing automobiles by the Union of Soviet Socialist Republics, or by any other nation or entity for use (to the knowledge of the Bank) in the Union of Soviet Socialist Republics."

Earlier yesterday the Senate blocked by a tie vote, 34 to 34, a far broader restriction on the Bank's powers sponsored by Sens. Everett M. Dirksen (R-Ill.), Thomas H. Kuchel (R-Calif.) and Norris Cotton (R-N.H.).

Their amendment was designed to provide a Congressional check on proposed exercise of presidential discretion to permit loans by the Bank for the purchase of American products by Communist countries, or by any intermediary third country, if the President found the loans in the "national interest."

The novel Dirksen proposal would have permitted either House to veto such exercise of presidential discretion. Senate Majority Leader Mike Mansfield (D-Mont.) joined Muskie in protesting the proposal would amount to unconstitutional Congressional

See SENATE, A15, Col. 4

Bank Bill Is Passed By Senate

"participation" in the powers of the President.

Earlier in the week the Administration leadership turned back an even sharper attack on the bank's use of its credit—a fight to bar Export Import Bank loans for arms purchases by underdeveloped countries.

An unusual coalition of hawks and doves got behind an amendment by Sen. Allen J. Ellender (D-La.) to prohibit extension of such credits for arms purchases. The amendment was defeated 40 to 48.

The net result was to leave virtually unimpaired the bank's right to continue such so-called "Country X" loans, which actually are arranged and guaranteed by the Pentagon. However, the bill does contain a provision adopted in Committee which limits credits to underdeveloped countries for arms purchases to 7.5 per cent of the Bank's new total lending authority of \$13.5 billion.

The bill contained a statement of congressional policy that the Bank should not finance U.S. arms sales to poor countries unless the President determines it to be in the national interest.

The most far-reaching change in the bill was the Byrd amendment, which the Administration feared might res...